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BEFORE THE ARIZONA CORPORATION COMMUNICATION

COMMISSIONERS

BOB STUMP, Chairman GARY PIERCE BRENDA BURNS SUSAN BITTER SMITH BOB BURNS AZ CORP OLAMA 38 DOCKET CONTAG!

2014 JAN 10 AM 11 06

IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE BY ITS ANTHEM WATER DISTRICT AND ITS SUN CITY WATER DISTRICT, AND POSSIBLE RATE CONSOLIDATION FOR ALL OF ARIZONA-AMERICAN WATER WOMPANY'S DISTRICTS.

IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE BY ITS ANTHEM/AGUA FRIA WASTEWATER DISTRICT, ITS SUN CITY WASTEWATER DITRICT, AND ITS SUN CITY WEST WASTEWATER DISTRICT, AND POSSIBLE RATE CONSOLIDATION FOR ALL OF ARIZONA-AMERICAN WATER COMPANY'S DISTRICTS.

DOCKET NO. W - 01303A -09 - 0343

DECISION NO. 72047

NOTICE OF COMPLIANCE FILING

5W-01303A-09-0343

Arizona Corporation Commission

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In compliance with Decision No. 72047, EPCOR Water Arizona, Inc. hereby files the attached Water Loss compliance report for the Sun City Water District. The decision orders the Company to reduce water loss in the Sun City Water district's PWS No. 07-099 to below 10 percent before it files its next rate case, CC&N, or financing application for the Sun City Water district and shall continue to track the water loss for three years and submit the data collected every six months. Please note the Company interprets the 10 percent water loss requirement in the standard manner of a 12 months rolling calculation. Therefore, the attached report is as of twelve months ended December 2013.

RESPECTFULLY SUBMITTED on January 10, 2014.

Sandra L. Murrey

Rate Analyst

EPCOR Water Arizona, Inc.

2355 W. Pinnacle Peak Road, Suite 300

Phoenix, AZ 85027

Original and 13 copies filed on January 10, 2014, with:

Docket Control Arizona Corporation Commission 1200 West Washington Phoenix, Arizona 85007

Copies of the foregoing **emailed** on January 10, 2014, to:

Brian K. Bozzo Compliance and Enforcement Manager Utilities Division 1200 West Washington Street Phoenix, AZ 85007 -

18.

Wastewater district that conform with those appearing in Hearing Exhibit S-7 at DMH-3, Figure 6 and DMH-4, Figure 7.

IT IS FURTHER ORDERED that Arizona-American Water Company shall file, within 60 days, or sooner if possible, for review by Staff, an application for approval of changes that generally incorporate the program outlined in Exhibit B, to the Sun City Low Income Program in order to extend the benefit of the Sun City Low Income Program to condominium and other multi-housing dwellers.

IT IS FURTHER ORDERED that Staff shall review the Company's Sun City Low Income Program filing and shall prepare and docket, within 60 days of the Company's filing, a Recommended Order regarding the Company's proposed changes to the Sun City Low Income Program.

IT IS FURTHER ORDERED that Arizona-American Water Company is hereby authorized to continue the current high block funding mechanism for the Sun City Low Income Program.

IT IS FURTHER ORDERED that Arizona-American Water Company is hereby authorized to establish a deferral account to allow it to defer tank maintenance expenses for the Anthem Water district until the next rate case for the Anthem Water district, at which time Arizona-American Water Company may present evidence in support of recovery of the deferred expense amounts for consideration.

IT IS FURTHER ORDERED that Arizona-American Water Company shall reduce water loss in the Sun City Water district's PWS No. 07-099 to below 10 percent before it files its next rate case, CC&N, or financing application for the Sun City Water district, not including currently pending cases, whichever comes first; and shall continue tracking the water loss for PWS No. 07-099 for three years and submit the data collected every six months; and shall file within 180 days, with the Commission's Docket Control, as a compliance item in this docket, the first water loss tracking report for PWS No. 07-099.

IT IS FURTHER ORDERED that the 2007 and 2008 Pulte refund payments are included in rate base.

EPCOR Water

Central Division - Sun City Water District Unaccounted For Water - Rolling 12-Months Summary

| Description | lan-13 | Feh-13 | Mar-13 | Anr-13 | May-13 | lun-13 | 14-13 | Δ10-12 | Con-13 | Ort-13 | Nov. 12 | Doc 13 | TOTAL |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| A Gallons Pumped | | | | 1 | 22 (200) | } | 2 | 2= 9nu | 25 422 | 22 33 | 2 | 22.22 | |
| Water Treatment | | | | | | | | | | | | | |
| Wells | 4,291,715 | 4,262,065 | 4,254,443 | 4,255,056 | 4,257,914 | 4,251,872 | 4,267,826 | 4,284,153 | 4.278.742 | 4,292,348 | 4.270.077 | 4.298.459 | 51.264.670 |
| B Gallons Purchased | | | | | | | | | | | | | |
| C Total Production | 4,291,715 | 4,262,065 | 4,254,443 | 4,255,056 | 4,257,914 | 4,251,872 | 4,267,826 | 4,284,153 | 4,278,742 | 4,292,348 | 4,270,077 | 4,298,459 | 51,264,670 |
| | | | | | | | | | | | | | |
| D Authorized Unbilled/Consumption | | | | | | | | | | | | | |
| In-Plant Usage | 11,489 | 11,914 | 11,920 | 10,473 | 10,130 | 8,920 | 7,365 | 5,734 | 3,900 | 2,615 | 2,550 | 2,246 | 89,256 |
| Mixing Chemicals - Field | | | | | | | | | | | | | 0 |
| Well Pumped Waste | 3,902 | 3,923 | 3,911 | 3,562 | 3,839 | 3,720 | 3,317 | 3,208 | 2,760 | 2,800 | 2,802 | 2,725 | 40,469 |
| Flushing Mains | 334 | 280 | 278 | 239 | 199 | 424 | 429 | 1,112 | 1,949 | 2,888 | 3,625 | 3,643 | 15,400 |
| Identified Fire Usage | 40 | 40 | 40 | 40 | 40 | 40 | 40 | | | | | | 280 |
| Vandalism | | | | | | | | | | | | | 0 |
| Street Cleaning | 43 | 41 | 41 | 41 | 39 | 39 | 65 | 97 | 92 | 92 | 92 | 81 | 763 |
| Draining Storage Tanks | 1,350 | 1,660 | 1,994 | 1,994 | 1,994 | 1,994 | 1,994 | 1,994 | 1,994 | 1,034 | 1,244 | 1,344 | 20,590 |
| Online Analyzers & Chlorinators | 5,076 | 5,076 | 5,076 | 5,076 | 5,076 | 5,076 | 5,076 | 5,076 | 5,076 | 5,076 | 5,076 | 5,076 | 60,912 |
| Field Meter Testing | | | | | | | | | | | | | 0 |
| Fire Hydrant Maintenance | 224 | 305 | 359 | 351 | 334 | 302 | 282 | 258 | 253 | 230 | 229 | 217 | 3,344 |
| Flushing Sewer Mains | 228 | 191 | 159 | 176 | 242 | 298 | 368 | 443 | 508 | 471 | 432 | 458 | 3,974 |
| Total Authorized Unbilled/Consumption | 22,686 | 23,430 | 23,778 | 21,952 | 21,893 | 20,813 | 18,936 | 17,922 | 16,532 | 15,206 | 16,050 | 15,790 | 234,988 |
| | | | | | | | | | | | | | |
| E Gallons Sold | | | | | | | | | | | | | |
| Residential | 3,123,920 | 3,127,689 | 3,101,755 | 3,084,133 | 3,098,080 | 3,097,838 | 3,077,499 | 3,099,443 | 3,088,952 | 3,093,692 | 3,101,599 | 3,072,944 | 37,167,544 |
| Commercial | 878,008 | 879,470 | 883,038 | 884,752 | 895,157 | 897,354 | 899,048 | 914,632 | 926,088 | 933,320 | 932,674 | 920,410 | 10,843,951 |
| Industrial | | | | | | | | | | | | | 0 |
| Fire Service | | | | | | | | | | | | | 0 |
| OPA | | | | | | | | | | | | | 0 |
| Resale | | | | | | | | | | | - | | 0 |
| Miscellaneous | 8,176 | 8,176 | 8,338 | 8,197 | 8,022 | 7,536 | 7,337 | 6,753 | 6,900 | 7,019 | 6,751 | 6,410 | 89,615 |
| Total Sales | 4,010,104 | 4,015,335 | 3,984,793 | 3,977,082 | 4,001,259 | 4,002,728 | 3,983,884 | 4,020,828 | 4,021,940 | 4,034,031 | 4,041,024 | 3,999,764 | 48,101,110 |
| | | | | | | | | | | | | | |
| F Non-account Water | | | | | | | | | | | | | |
| | 258,925 | 223,300 | 245,872 | 256,022 | 234,762 | 228,331 | 265,006 | 245,403 | 240,270 | 243,111 | 213,003 | 282,905 | 2,928,572 |
| Percentage =(D-E)/D | 6.03% | 5.24% | 2.78% | 6.02% | 5.51% | 5.37% | 6.21% | 5.73% | 2.62% | 2.66% | 4.99% | 6.58% | 5.71% |

Negative numbers indicate quantity or percentage above production or 100%

Note: Amounts listed for the January 2013 - June 2013 period have been restated from the previous submittal. This restatement is necessary due to re-running the reports to include various adjustments.